

Wisconsin Use Tax Fact Sheet 2104

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Do I owe use tax?

Use tax is the counterpart of sales tax. Use tax applies when Wisconsin state, county, or baseball or football stadium tax is not charged and no exemption applies. If you make purchases from retailers who do not collect Wisconsin sales tax or if you bring taxable items into Wisconsin from other states or from foreign countries, you owe use tax.

What is the use tax rate?

The Wisconsin state use tax rate is 5.0%, the same rate as the state sales tax.

The local use tax rate for county tax purposes is 0.5%, the same rate as the county sales tax.

The local use tax rate for the baseball stadium district is 0.1%, the same rate as the baseball stadium sales tax. The baseball stadium district is comprised of the combined geographic area of Milwaukee, Ozaukee, Racine, Washington, and Waukesha Counties.

The local use tax rate for the football stadium district is 0.5%, the same rate as the football stadium district sales tax. The football stadium district is comprised of the geographic area of Brown County.

See the [total sales and use tax rate](#) for each county and more information on the [county](#) and [stadium](#) sales and use taxes at revenue.wi.gov (enter "tax rate" in search box).

Special rules for county and stadium district use taxes

If the items purchased are stored, used, or consumed in a county that has a county sales and use tax or is in the baseball or football stadium district, the applicable county and/or stadium district use tax is due, unless you first take possession of the item in a county that does not have a county sales and use tax and is also not in either the baseball or football stadium district. (**Exceptions:** (a) Purchases of motor vehicles, boats, recreational vehicles as defined in sec. 340.01(48r), and aircraft, are taxed for county and stadium district tax purposes based on the county in which the item is customarily kept, (b) Purchases of snowmobiles, trailers, semitrailers, and all-terrain vehicles are subject to county or baseball or football stadium district use tax when first stored, used, or consumed in a county that has a county tax or is part of the baseball or football stadium district, even if the purchaser first takes possession of the item in a Wisconsin county that does not have a county tax and is not a part of either the baseball or football stadium districts, and (c) Construction materials purchased in a county that has not adopted the county tax and later used to improve real property in a county that has adopted the county tax.

Credit for tax paid in another state

If tax was properly paid in another state on the purchase of the property, the amount of Wisconsin state, county, and/or stadium use tax due may be offset by the tax paid in the other state. Additional information about credits for taxes paid in other states is available in [Wisconsin Tax Bulletin # 157 at page 28](#), in a tax release titled: *Credit for Sales and Use Taxes Paid to Other States and Their Local Units of Government*. Foreign taxes and customs duty charges are not eligible for this credit.

Why is there a use tax?

Use tax protects in-state businesses from unfair competition. When sales or use tax is not collected on taxable purchases used in your community, local businesses are operating at a competitive disadvantage.

Why don't all out-of-state businesses collect use tax?

If an out-of-state retail business has a physical presence (such as a store or warehouse) in Wisconsin, it is required by law to register and collect Wisconsin tax. However, mail order and Internet companies and others who advertise in Wisconsin, but do not have a physical presence in Wisconsin, may not be required to register and collect Wisconsin tax.

What is taxable?

Sales, licenses, leases, and rentals of the following property, items, and goods are subject to Wisconsin state, county, and stadium district sales taxes:

- A. Tangible personal property;
- B. Coins or stamps of the United States that are sold, licensed, leased, rented, or traded as collector's items above their face value;
- C. Leased tangible personal property that is affixed to real property, if the lessor has the right to remove the leased property upon breach or termination of the lease agreement, unless the lessor of the leased property is also the lessor of the real property to which the leased property is affixed;
- D. Specified digital goods, additional digital goods, and digital codes. These goods are characterized by the fact that they are transferred electronically to the purchaser (i.e., accessed or obtained by the purchaser by means other than tangible storage media). "Specified digital goods" means "digital audio works," "digital audiovisual works," and "digital books." "Additional digital goods" means greeting cards, finished artwork, periodicals, video or electronic games, and newspapers or other news or information products. See [Publication 240](#) for a description of the products that are included.

In addition, certain services are subject to Wisconsin sales and use taxes. For a list of taxable services, see Part X.B. of [Publication 201](#).

Following are examples of purchases which frequently result in a use tax liability.

- **Mail order and Internet purchases.** Businesses and individuals owe Wisconsin use tax if the business or individual buys taxable products such as cigarettes, computers, digital music or videos, electronic games, furniture, prewritten computer software, office supplies by placing a mail order or using the Internet, from a vendor who is not registered to collect Wisconsin tax.

Example: An accounting firm located in Milwaukee County, which has a county and baseball stadium tax, purchases computers, stationery, and reference books using the Internet, from out-of-state vendors who do not collect sales or use tax. These purchases, totaling \$20,000, are stored or used in Milwaukee County. The accounting firm owes Wisconsin use tax of \$1,120 (\$20,000 x 5.6%).

- **Out-of-state and out-of-country purchases.** Businesses and individuals owe Wisconsin use tax if the business or individual purchases taxable products or services in another state or outside the United States, and subsequently brings the product, or the property on which a taxable service was performed, into Wisconsin. Businesses and individuals also owe Wisconsin use tax on orders placed with a vendor in another state or outside the United States, for delivery to a location in Wisconsin.

Example: A Wisconsin resident living in Brown County purchases a digital camera for \$700 at a store in the State of Oregon while on vacation. Oregon does not impose a sales and use tax. The Wisconsin resident brings the camera home to Brown County, Wisconsin. The individual owes Wisconsin use tax of \$38.50 (\$700 X 5.5%).

Example: A Wisconsin resident living in Bayfield County is vacationing in Canada. While in Canada, the individual purchases a painting. The seller is shipping the painting to the individual's home in Bayfield County. The seller charges the individual \$2,500 U.S., including shipping and handling. The individual owes \$137.50 Wisconsin use tax of (\$2,500 X 5.5%).

- **Inventory.** If a business buys inventory items without tax for resale, and then uses these items, the business owes use tax.

Example: A retailer of office furniture buys a desk and places it in its inventory. Rather than selling the desk, the retailer uses the desk in its office. The retailer owes use tax based on its purchase price of the desk.

- **Give-aways.** Generally, if a business purchases items without tax and then gives them away in Wisconsin, the business owes use tax.

Example: To advertise its business, an insurance agency gives pens and calendars to its Wisconsin customers. The agency's purchases of these items are subject to tax.

Use tax applies to the total purchase price you pay to the seller for taxable items, including shipping and handling charges.

How do I keep track of my purchases?

The Department of Revenue has developed a free Use Tax Calculator (in an Excel spreadsheet) to help individuals and businesses track and calculate use tax owed to Wisconsin. The spreadsheet can be used by persons who have some type of spreadsheet software on their computer (e.g., Excel, QuattroPro). If you do not have Microsoft Excel software, you can [download a free viewer](http://office.microsoft.com) at <http://office.microsoft.com>.

How do I pay use tax?

- If you are a business **registered** to collect Wisconsin sales or use taxes on sales to your customers, report the amount of your taxable purchases and calculate your tax due on Form ST-12, *Wisconsin Sales and Use Tax Return*.
- If you are a business **not registered** to collect Wisconsin sales or use taxes on sales to your customers, and:
 - You regularly make purchases subject to use tax, you should apply for a Consumer's Use Tax Certificate using [Form BTR-101](#) and use Form ST-12, *Wisconsin Sales and Use Tax Return* to report use tax, or
 - You do not make purchases subject to use tax on a regular basis, report your use tax quarterly on [Form UT-5](#), *Consumer Use Tax Return*.
- If you are an individual making purchases for personal (i.e., nonbusiness) use:
 - You can pay use tax on your Wisconsin income tax return (Form 1, 1A, WI-Z, or 1NPR). A special line titled "Sales and use tax due on Internet, mail order, or other out-of-state purchases" is on Wisconsin income tax returns to allow you to report your annual use tax liability, or
 - You can report and pay use tax quarterly on the Wisconsin [Form UT-5](#), *Consumer Use Tax Return*.

What if I don't pay the use tax owed?

Failure to timely pay use tax is very costly. If you don't timely pay the use tax you owe, not only will you owe the tax, but in addition, you may be subject to: 18% interest per year, penalties of up to 50% of the tax owed, delinquent collection fees, late filing fees, and collection actions.

The department obtains information about purchases that are subject to use tax through audits of businesses and agreements with other states. The department uses this information when auditing businesses and individuals to ensure that use tax owed on out-of-state purchases is paid to the department.

Any questions?

If you are unable to find an answer to your question about sales and use taxes, email, write, or call the department.

Visit our website revenue.wi.gov

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